



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 2

PART II—Section 2

प्राधिकार से प्रकाशित

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bill was introduced in Lok Sabha on 23rd December 1998:—

BILL NO. 173 OF 1998

A Bill to provide for the reorganisation of the existing State of Bihar and for matters connected therewith.

BE it enacted by Parliament in the Forty-ninth Year of the Republic of India as follows:—

PART I

PRELIMINARY

1. This Act may be called the Bihar Reorganisation Act, 1998.

Short title.

Definitions.

2. In this Act, unless the context otherwise requires,—

(a) "appointed day" means the day which the Central Government may, by notification in the Official Gazette, appoint;

(b) "Article" means an article of the Constitution;

(c) "assembly constituency", "council constituency" and "parliamentary constituency" have the same meanings as in the Representation of the People Act, 1950;

43 of 1950.

(d) "Election Commission" means the Election Commission appointed by the President under article 324;

(e) "existing State of Bihar" means the State of Bihar as existing immediately before the appointed day;

(f) "law" includes any enactment, ordinance, regulation, order, bye-law, rule, scheme, notification or other instrument having, immediately before the appointed day, the force of law in the whole or in any part of the existing State of Bihar;

(g) "notified order" means an order published in the Official Gazette;

(h) "population ratio", in relation to the States of Bihar and Vananchal means the ratio of 645.30 : 218.44;

(i) "sitting member", in relation to either House of Parliament or of the Legislature of the existing State of Bihar means a person who immediately before the appointed day, is a member of that House;

(j) "successor state", in relation to the existing State of Bihar means the State of Bihar or Vananchal;

(k) "transferred territory." means the territory which on the appointed day is transferred from the existing State of Bihar to the State of Vananchal;

(l) "treasury" includes a sub-treasury; and

(m) any reference to a district, tehsil or other territorial division of the existing State of Bihar shall be construed as a reference to the area comprised within that territorial division on the appointed day.

PART II**REORGANISATION OF THE STATE OF BIHAR****Formation of
Vananchal State.**

3. On and from the appointed day, there shall be formed a new State to be known as the State of Vananchal comprising the following territories of the existing State of Bihar, namely:—

Bokaro, Chatra, Deogarh, Dhanbad, Dumka, Garhwa, Giridih, Godda, Gumla, Hazaribagh, Kodarma, Lohardaga, Pakur, Palamau, Ranchi, Sahebganj, Singhbhum (East) and Singhbhum (West) districts;

and thereupon the said territories shall cease to form part of the existing State of Bihar.

**State of Bihar
and territorial
divisions
thereof.**

4. On and from the appointed day, the State of Bihar shall comprise the territories of the existing State of Bihar other than those specified in section 3.

**Amendment of
the First
Schedule to the
Constitution.**

5. On and from the appointed day, in the First Schedule to the Constitution, under the heading "I. THE STATES",—

(a) in the paragraph relating to the territories of the State of Bihar, the following shall be added at the end, namely:—

"and the territories specified in section 4 of the Bihar Reorganisation Act, 1998.";

(b) after entry 25, the following entry shall be inserted, namely:—

"26. Vananchal: The territories specified in section 3 of the Bihar Reorganisation Act, 1998."

6. Nothing in the foregoing provisions of this Part shall be deemed to affect the power of the Government of Bihar or Vananchal to alter, after the appointed day, the name, area or boundaries of any district or other territorial division in the State.

Saving powers
of State
Governments.

PART III

REPRESENTATION IN THE LEGISLATURES

The Council of States

7. On and from the appointed day, in the Fourth Schedule to the Constitution, in the Table,—

Amendment of
the Fourth
Schedule to the
Constitution.

(a) entries 4 to 27 shall be renumbered as entries 5 to 28 respectively;

(b) in entry 3, for the figures "22", the figures "16" shall be substituted;

(c) after entry 3, the following entry shall be inserted, namely:—

"4. Vananchal 6"

8. (1) On and from the appointed day, the twenty-two sitting members of the Council of States representing the existing State of Bihar shall be deemed to have been elected to fill the seats allotted to the States of Bihar and Vananchal, as specified in the First Schedule.

Allocation of
sitting
members.

(2) The term of office of such sitting members shall remain unaltered.

The House of the People

9. On and from the appointed day, there shall be allocated 40 seats to the successor State of Bihar, and 14 to the successor State of Vananchal, in the House of the People, and in the First Schedule to the Representation of the People Act, 1950,—

Representation
in the House of
the People.

(a) for entry 4, the following entry shall be substituted, namely:—

"4. Bihar 40";

(b) after entry 24, the following entry shall be inserted, namely:—

"25. Vananchal 14";

(c) entry 25 shall be renumbered as entry 26.

10. On and from the appointed day, the Delimitation of Parliamentary and Assembly Constituencies Order, 1976, shall stand amended as directed in the Second Schedule.

Delimitation of
Parliamentary
and Assembly
Constituencies.

11. (1) Every sitting member of the House of the People representing a constituency which, on the appointed day by virtue of the provisions of section 10, stands allotted, with or without alteration of boundaries, to the successor States of Bihar or Vananchal, shall be deemed to have been elected to the House of the People by that constituency as so allotted.

Provision as to
sitting mem-
bers.

(2) The term of office of such sitting members shall remain unaltered.

The Legislative Assembly

12. (1) The number of seats as on the appointed day in the Legislative Assemblies of the States of Bihar and Vananchal shall be two hundred and forty-three and eighty-one respectively.

Provisions as to
Legislative
Assemblies.

(2) In the Second Schedule to the Representation of the People Act, 1950—

43 of 1950.

(a) in entry 4, for the figures "324", the figures "243" shall be substituted;

(b) after entry 24, the following entry shall be inserted, namely:—

"25. Vananchal81";

(c) existing entry 25 shall be renumbered as entry 26.

Allocation of
sitting
members.

13. (1) Every sitting member of the Legislative Assembly of the existing State of Bihar elected to fill a seat in that Assembly from a constituency which on the appointed day by virtue of the provisions of section 10 stands allotted, with or without alteration of boundaries, to the State of Vananchal shall, on and from that day, cease to be a member of the Legislative Assembly of Bihar and shall be deemed to have been elected to fill a seat in the Legislative Assembly of Vananchal from that constituency as so allotted.

(2) All other sitting members of the Legislative Assembly of the existing State of Bihar shall continue to be members of the Legislative Assembly of that State and any such sitting member representing a constituency the extent, or the name and extent of which are altered by virtue of the provisions of section 10 shall be deemed to have been elected to the Legislative Assembly of Bihar by that constituency as so altered.

(3) Notwithstanding anything contained in any other law for the time being in force, the Legislative Assemblies of Bihar and Vananchal shall be deemed to be duly constituted on the appointed day.

(4) The sitting member of the Legislative Assembly of the existing State of Bihar nominate to that Assembly under article 333 to represent the anglo- Indian community shall be deemed to have been nominated to represent the said community in the Legislative Assembly of Vananchal under that article.

Duration of
Legislative
Assemblies

14. The period of five years referred to in clause (1) of article 172, shall, in the case of Legislative Assembly of the State of Bihar or Vananchal be deemed to have commenced on the date on which it actually commenced in the case of Legislative Assembly of the existing State of Bihar.

Speakers and
Deputy
Speakers.

15. (1) The persons who immediately before the appointed day are the Speaker and Deputy Speaker of the Legislative Assembly of the existing State of Bihar shall continue to be the Speaker and Deputy Speaker respectively of that Assembly on and from that day.

(2) As soon as may be after the appointed day, the Legislative Assembly of Vananchal shall choose two members of that Assembly to be respectively Speaker and Deputy Speaker thereof and until they are so chosen, the duties of the office of Speaker shall be performed by such member of the Assembly as the Governor may appoint for the purpose.

Rules of
procedure.

16. The rules of procedure and conduct of business of the Legislative Assembly of Bihar as in force immediately before the appointed day shall, until rules are made in clause (1) of article 208, be the rules of procedure and conduct of business of the Legislative Assembly Vananchal subject to such modifications and adaptations as may be made therein by the Speaker thereof.

The Legislative Council of Bihar

Legislative
Council of
Bihar.

17. On and from the appointed day, there shall be ninety-two seats in the Legislative Council of Bihar, and in the Third Schedule to the Representation of the People Act 1950, for the existing entry 2, the following entry shall be substituted, namely:—

43 of 1950.

"2. Bihar.... — 92."

Council
constituencies.

18. On and from the appointed day, the Delimitation of Council Constituencies (Bihar) Order, 1951 shall stand amended as the President may, by order, direct.

Provisions as to
certain sitting
members.

19. (1) On and from the appointed day, the sitting members of the Legislative Council of the existing State of Bihar specified in the Third Schedule shall cease to be members of that Council.

(2) On and from the appointed day, all sitting members of the Legislative Council of the existing State of Bihar other than those referred to in sub-section (1) shall continue to be members of that Council.

(3) The term of office of the members referred to in sub-section (2) shall remain unaltered.

20. The person who immediately before the appointed day is the Chairman or Deputy Chairman of the Legislative Council of the existing State of Bihar shall continue to be the Chairman or Deputy Chairman, as the case may be, on and from that day of that Council.

Chairman and
Deputy
Chairman.

Delimitation of constituencies

21. (1) For the purpose of giving effect to the provisions of section 12, the Election Commission shall determine in the manner hereinafter provided—

Delimitation of
constituencies.

(a) the number of seats to be reserved for the Scheduled Castes and the Scheduled Tribes in the Legislative Assemblies of the States of Bihar and Vanchal respectively, having regard to the relevant provisions of the Constitution;

(b) the assembly constituencies into which each State referred to in clause (a) shall be divided the extent of each of such constituencies and in which of them seats shall be reserved for the Scheduled Castes or for the Scheduled Tribes; and

(c) the adjustments in the boundaries and description of the extent of the parliamentary constituencies in each State referred to in clause (a) that may be necessary or expedient.

(2) In determining the matters referred to in clauses (b) and (c) of sub-section (1), the Election Commission shall have regard to the following provisions, namely:—

(a) all the constituencies shall be single-member constituencies;

(b) all constituencies shall, as far as practicable, be geographically compact areas, and in delimiting them, regard shall be had to physical features, existing boundaries of administrative units, facilities of communication and conveniences to the public; and

(c) constituencies in which seats are reserved for the Scheduled Castes and the Scheduled Tribes shall, as far as practicable, be located in areas where the proportion of their population to the total population is the largest.

(3) The Election Commission shall, for the purpose of assisting it in the performance of its functions under sub-section (1), associate with itself as associate members five persons as the Central Government may by order specify, being persons who are members of the Legislative Assembly of the State or of the House of the People representing the State:

Provided that none of the associate members shall have a right to vote or to sign any decision of the Election Commission.

(4) If, owing to death or resignation, the office of an associate member falls vacant, it shall be filled as far as practicable, in accordance with the provisions of sub-section (2).

(5) The Election Commission shall—

(a) publish its proposals for the delimitation of constituencies together with the dissenting proposals, if any, of any associate member who desires publication thereof in the Official Gazette and in such other manner as the Commission may consider fit, together with a notice inviting objections and suggestions in relation to the proposals and specifying a date on or after which the proposals will be further considered by it;

(b) consider all objections and suggestions which may have been received by it before the date so specified;

(c) after considering all objections and suggestions which may have been received by it before the date so specified, determine by one or more orders the delimitation of constituencies and cause such order or orders to be published in the Official Gazette; and upon such publication, the order or orders shall have the full force of law and shall not be called in question in any court.

(6) As soon as may be after such publication, every such order relating to assembly constituencies shall be laid before the Legislative Assembly of the concerned State.

Power of
Election
Commission to
maintain
Delimitation
Orders up-to-
date.

22. (1) The Election Commission may, from time to time, by notification in the Official Gazette,—

(a) correct any printing mistakes in any order made under section 21 or any error arising therein from inadvertent slip or omission;

(b) where the boundaries or name of any territorial division mentioned in any such order or orders is or are altered, make such amendments as appear to it to be necessary or expedient for bringing such order up-to-date.

(2) Every notification under this section relating to an assembly constituency shall be laid, as soon as may be after it is issued, before the concerned Legislative Assembly.

Scheduled Castes and Scheduled Tribes

Amendment of
the Scheduled
Castes Order.

23. On and from the appointed day, the Constitution (Scheduled Castes) Order, 1950, shall stand amended as directed in the Fourth Schedule.

Amendment of
the Scheduled
Tribes Order.

24. On and from the appointed day, the Constitution (Scheduled Tribes) Order, 1950, shall stand amended as directed in the Fifth Schedule.

PART IV

HIGH COURT

Common High
Court for Bihar
and Vananchal.

25. (1) On and from the appointed day,—

(a) there shall be a common High Court for the States of Bihar and Vananchal to be called the High Court for Bihar and Vananchal (hereinafter referred to as the common High Court);

(b) the Judges of the High Court of judicature at Patna for the existing State of Bihar holding office immediately before the appointed day shall, unless they have elected otherwise, become, on that day, the Judges of the common High Court.

(2) The expenditure in respect of salaries and allowances of the Judges of the common High Court shall be allocated amongst the States of Bihar and Vananchal in such proportion as the President may, by order, determine.

Jurisdiction of
the Common
High Court.

26. On and from the appointed day, the common High Court shall have, in respect of the territories comprised in the State of Bihar and Vananchal, all such jurisdiction, powers and authority as, under the law in force immediately before the appointed day, are exercisable in respect of those territories by the High Court of judicature at Patna.

Special
provision
relating to Bar
Council and
Advocates.

27. (1) On and from the appointed day,—

(a) in the Advocates Act, 1961, in section 3—

(i) in clause (a), the words "the Bihar" shall be omitted;

(ii) after clause (f), the following clause shall be inserted, namely:—

"(g) for the State of Bihar and Vananchal to be known as the Bar Council of Bihar and Vananchal.";

(b) the Bar Council of Bihar shall be deemed to be the Bar Council of Bihar and Vananchal with the Advocate-General of the State of Vananchal also as an *ex-officio* member.

(2) Any person who immediately before the appointed day is an advocate entitled to practise in the High Court for the existing State of Bihar shall be entitled to practise as an advocate in the common High Court.

(3) All persons who immediately before the appointed day are advocates on the roll of the Bar Council of existing State of Bihar shall, on and from that day, become advocates on the roll of the Bar Council of Bihar and Vananchal.

(4) The right of audience in the common High Court shall be regulated in accordance with the like principles as immediately before the appointed day are in force with respect to the right of audience in the High Court for Bihar:

Provided that as between the Advocate-General of the existing State of Bihar and the Advocate-General of Vananchal, the right of audience shall be determined with reference to their dates of enrolment as advocates.

28. Subject to the provisions of this Part, the law in force immediately before the appointed day with respect to practice and procedure in the High Court for existing State of Bihar shall, with the necessary modifications, apply in relation to the common High Court.

Practice and procedure in common High Court.

29. The law in force immediately before the appointed day with respect to the custody of the seal of the High Court for the existing State of Bihar shall, with the necessary modifications, apply with respect to the custody of the seal of the common High Court.

Custody of seal of Common High Court.

30. The law in force immediately before the appointed day with respect to the form of writs and other processes used, issued or awarded by the High Court for the existing State of Bihar shall, with the necessary modifications, apply with respect to the form of writs and other processes used, issued or awarded by the common High Court.

Form of writs and other process.

31. The law in force immediately before the appointed day with respect to the powers of the Chief Justice, single Judges and division courts of the High Court for the existing State of Bihar and with respect to all matters ancillary to the exercise of those powers shall, with the necessary modifications apply in relation to the common High Court.

Power of Judges.

32. (1) The principal seat of the common High Court shall, unless otherwise determined by the President after consultation with the Chief Justice of that High Court and the Governors of the States of Bihar and Vananchal, be at the same place as the principal seat of the High Court for Bihar immediately before the appointed day.

Principal seat of common High Court.

(2) The President may, after consultation with the Chief Justice of the common High Court and the Governors of the States of Bihar and Vananchal, by notified order, provide for the establishment of a permanent bench or benches of that High Court at one or more place or places within the territories to which the jurisdiction of the High Court extends, other than the principal seat at the High Court and for any matters connected therewith:

Provided that such number of Judges of the Patna High Court as sitting at Ranchi in order to exercise the jurisdiction and power as vested in them before the appointed day shall continue to sit thereat and exercise the same jurisdiction and power for the time being vested in the common High Court.

(3) Notwithstanding anything contained in sub-section (1) or sub-section (2), the Judges and division courts of the common High Court may also sit at such other place or places in the States of Bihar and Vananchal as the Chief Justice may, with the approval of the Governors of the States of Bihar and Vananchal appoint.

Procedure as to
appeals to
Supreme Court.

33. The law in force immediately before the appointed day relating to appeal to the Supreme Court from the Patna High Court and the Judges and division courts thereof, shall, with the necessary modifications, apply in relation to the common High Court.

Transfer of
pending
proceedings.

34. All proceedings pending in the High Court for Bihar immediately before the appointed day shall, on that day, stand transferred to the common High Court.

Interpretation.

35. For the purposes of this Part,—

(a) proceedings shall be deemed to be pending in a court until that court shall disposed of all issues between the parties including any issues with respect to the taxation of the costs of the proceedings and shall include appeals, applications for leave to appeal to the Supreme Court, applications for review, petitions for revision and petitions for writs; and

(b) references to a High Court shall be construed as including references to a Judge or division court thereof, and references to an order made by a court or a Judge shall be construed as including references to a sentence, judgment or decree passed or made by that court or Judge.

Saving.

36. Nothing in this Part shall affect the application to the common High Court of any provisions of the Constitution, and this Part shall have effect subject to any provision that may be made on or after the appointed day with respect to that High Court by any Legislature or other authority having power to make such provision.

PART V

AUTHORISATION OF EXPENDITURE AND DISTRIBUTION OF REVENUES

Authorisation
of expenditure
of Vananchal
State.

37. The Governor of Bihar may, at any time before the appointed day, authorise such expenditure from the Consolidated Fund of the State of Vananchal as he deems necessary for any period not more than six months beginning with the appointed day pending the sanction of such expenditure by the Legislative Assembly of the State of Vananchal:

Provided that the Governor of Vananchal may, after the appointed day, authorise such further expenditure as he deems necessary from the Consolidated Fund of the State of Vananchal for any period not extending beyond the said period of six months.

Reports
relating to
accounts of
Bihar State.

38. (1) The reports of the Comptroller and Auditor-General of India referred to in clause (2) of article 151 relating to the accounts of the existing State of Bihar in respect of any period prior to the appointed day shall be submitted to the Governor of each of the successor States of Bihar and Vananchal who shall cause them to be laid before the Legislature of that State.

(2) The President may by order—

(a) declare any expenditure incurred out of the Consolidated Fund of Bihar on any service in respect of any period prior to the appointed day during the financial year or in respect of any earlier financial year in excess of the amount granted for that service and for that year as disclosed in the reports referred to in sub-section (1) to have been duly authorised; and

(b) provide for any action to be taken on any matter arising out of the said reports.

Distribution of
Revenue.

39. The President shall, by order, determine the share of the States of Bihar and Vananchal in the total amount payable to the existing State of Bihar on the recommendation of the Finance Commission constituted under article 280 of the Constitution, in such manner as he thinks fit.

PART VI

APPORTIONMENT OF ASSETS AND LIABILITIES

40. (1) The provisions of this Part shall apply in relation to the apportionment of the assets and liabilities of the existing State of Bihar immediately before the appointed day.

Application of Part.

(2) The successor States shall be entitled to receive benefits arising out of the decisions taken by the predecessor State and the successor States shall be liable to bear the financial liabilities arising out of the decisions taken by the existing State of Bihar.

(3) The apportionment of assets and liabilities would be subject to such financial adjustment as may be necessary to secure just, reasonable and equitable apportionment of the assets and liabilities amongst the successor States.

(4) Any dispute regarding the amount of financial assets and liabilities shall be settled through mutual agreement, failing which by order, by Central Government on the advice of the Comptroller and Auditor-General of India.

41. (1) Subject to other provisions of this Part, all land and all stores, articles and other goods belonging to the existing State of Bihar shall,—

Land and goods.

(a) if within the transferred territory, pass to the State of Vananchal; or

(b) in any other case, remain the property of the State of Bihar:

Provided that where the Central Government is of opinion that any goods or class of goods should be distributed between the States of Bihar and Vananchal, otherwise than according to the situation of the goods, the Central Government may issue such directions as it thinks fit for a just and equitable distribution of the goods and the goods shall pass to the successor States accordingly.

(2) Stores held for specific purposes, such as use or utilisation in particular institutions, workshops or undertakings or on particular works under construction, shall pass to the successor States in whose territories such institutions, workshops, undertakings or works are located.

(3) Stores relating to the Secretariat and offices of Heads of Departments having jurisdiction over the whole of the existing State of Bihar shall be divided between the successor States in accordance with such directions as the Central Government may think fit to issue for a just and equitable distribution of such stores.

(4) Any other unissued stores of any class in the existing State of Bihar shall be divided between the successor States in proportion to the total stores of that class purchased in the period of three years prior to the appointed day, for the territories of the existing State of Bihar included respectively in each of the successor States:

Provided that where such proportion cannot be ascertained in respect of any class of stores or where the value of any class of such stores does not exceed rupees ten thousand, that class of stores shall be divided between the successor States according to the population ratio.

(5) In this section, the expression "land" includes immovable property of every kind and any rights in or over such property, and the expression "goods" does not include coins, bank notes and currency notes.

42. The total of the cash balances in all treasuries of the State of Bihar and the credit balances of the State with Reserve Bank of India, the State Bank of India or any other bank immediately before the appointed day shall be divided between the States of Bihar and Vananchal according to the population ratio:

Treasury and bank balances.

Provided that for the purposes of such division, there shall be no transfer of cash balances from any treasury to any other treasury and the apportionment shall be effected by adjusting the credit balances of the two States in the books of the Reserve Bank of India on the appointed day:

Provided further that if the State of Vananchal has no account on the appointed day with the Reserve Bank of India, the adjustment shall be made in such manner as the Central Government may, by order, direct.

Arrears of
taxes.

43. The right to recover arrears of any tax or duty on property, including arrears of land revenue, shall belong to the successor State in which the property is situated, and the right to recover arrears of any other tax or duty shall belong to the successor State in whose territories the place of assessment of that tax or duty is included on the appointed day.

Right to
recover loans
and advances.

44. (1) The right of the State of Bihar to recover any loans or advances made before the appointed day to any local body, society, agriculturist or other person in an area within that State shall belong to the successor State in which that area is included on that day.

(2) The right of the State of Bihar to recover any loans or advances made before the appointed day to any person or institution outside that State shall belong to the State of Bihar:

Provided that any sum recovered in respect of any such loan or advance shall be divided between the States of Bihar and Vananchal according to the population ratio.

Investments
and credits in
certain funds.

45. (1) The securities held in respect of the investments made from Cash Balances Investment Account or from any Fund in the Public Account of the existing State of Bihar shall be apportioned in the ratio of population of the successor States:

Provided that the securities held in investments made from the Calamity Relief Fund of the existing State of Bihar shall be divided in the ratio of the area of the territories occupied by the successor States:

Provided further that the balance in the Reserve Funds in the Public Account of Bihar created wholly out of appropriations from the Consolidated Fund of the existing State of Bihar, to the extent the balances have not been invested outside Government account, shall not be carried forward to similar Reserve Funds in the Public Account of, successor States.

(2) The investments of the State of Bihar immediately before the appointed day, in any special fund, the objects of which are confined to a local area, shall belong to the State in which that area is included on the appointed day.

(3) The investments of the State of Bihar immediately before the appointed day in any private, commercial or industrial undertaking, in so far as such investments have not been made or are deemed not to have been made from the cash balance investment account, shall pass to the State in which the principal seat of business of the undertaking is located.

(4) Where any body corporate constituted under a Central Act, State Act or Provincial Act for the State of Bihar or any part thereof has, by virtue of the provisions of Part II, become an inter-State body corporate, the investments in, or loans or advances to, any such body corporate by the State of Bihar made before the appointed day shall, save as otherwise expressly provided by or under this Act, be divided between the States of Bihar and Vananchal in the same proportion in which the assets of the body corporate are divided under the provisions of this Part.

Assets and
liabilities of
State under-
takings.

46. (1) The assets and liabilities relating to any commercial or industrial undertaking of the State of Bihar shall pass to the State in which the undertaking is located.

(2) Where a depreciation reserve fund is maintained by the State of Bihar for any such commercial or industrial undertaking, the securities held in respect of investments made from that fund shall pass to the State in which the undertaking is located.

Public Debt.

47. (1) All liabilities on account of Public Debt and Public Account of the existing State of Bihar outstanding immediately before the appointed day shall be apportioned in the ratio of population of the successor States unless a different mode of apportionment is provided under the provisions of this Act.

(2) The individual items of liabilities to be allocated to the successor States and the amount of contribution required to be made by one successor State to another shall be such as may be ordered by the Central Government in consultation with the Comptroller and Auditor-General of India:

Provided that till such orders are issued, the liabilities on account of Public Debt and Public Account of the existing State of Bihar shall continue to be the liabilities of the Successor State of Bihar.

(3) The liability on account of loans raised from any source and re-lent by the existing State of Bihar to such entities as may be specified by the Central Government and whose area of operation is confined to either of the successor States shall devolve on the respective States as specified in sub-section (4).

(4) The public debt of the existing State of Bihar attributable to loan taken from any source for the express purpose of re-lending the same to a specific institution and outstanding immediately before the appointed day shall—

(a) if re-lent to any local body, body corporate or other institution in any local area, be the debt of the State in which the local area is included on the appointed day; or

(b) if re-lent to the Bihar State Electricity Board, the Bihar State Road Transport Corporation, or the Bihar Housing Board or any other institution which becomes an inter-State institution on the appointed day, be divided between the States of Bihar and Vananchal in the same proportion in which the assets of such body corporate or institution are divided under the provisions of Part VII of this Act.

(5) Where a sinking fund or a depreciation fund is maintained by the existing State of Bihar for repayment of any loan raised by it, the securities held in respect of investments made from that fund shall be divided between the successor States of Bihar and Vananchal in the same proportion in which the total public debt is divided between the two States under this section.

(6) In this section, the expression "Government security" means a security created and issued by a State Government for the purpose of raising a public loan and having any of the forms specified in, or prescribed under clause (2) of section 2 of the Public Debt Act, 1944.

18 of 1944.

48. The liability of the State of Bihar in respect of any floating loan to provide short-term finance to any commercial undertaking shall be the liability of the State in whose territories the undertaking is located.

Floating Debt.

49. The liability of the existing State of Bihar to refund any tax or duty on property, including land revenue, collected in excess shall be the liability of the successor State in whose territories the property is situated, and the liability of the existing State of Bihar to refund any other tax or duty collected in excess shall be the liability of the successor State in whose territories the place of assessment of that tax or duty is included.

Refund of taxes collected in excess.

50. (1) The liability of the existing State of Bihar in respect of any civil deposit or local fund deposit shall, as from the appointed day, be the liability of the State in whose area the deposit has been made.

Deposits, etc.

(2) The liability of the existing State of Bihar in respect of any charitable or other endowment shall, as from the appointed day, be the liability of the State in whose area the institution entitled to the benefit of the endowment is located or of the State to which the objects of the endowment, under the terms thereof, are confined.

51. The liability of the existing State of Bihar in respect of the provident fund account of a Government servant in service on the appointed day shall, as from that day, be the liability of the State to which that Government servant is permanently allotted.

Provident Fund.

Pensions.

52. The liability of the existing State of Bihar in respect of pensions shall pass to, or be apportioned between, the successor States of Bihar and Vananchal in accordance with the provisions contained in the Sixth Schedule to this Act.

Contracts.

53. (1) Where, before the appointed day, the existing State of Bihar has made any contract in the exercise of its executive power for any purposes of the State, that contract shall be deemed to have been made in the exercise of the executive power—

(a) if the purposes of the contract are, on and from the appointed day, exclusive purposes of either of the successor States of Bihar and Vananchal; and

(b) in any other case, of the State of Bihar;

and all rights and liabilities which have accrued, or may accrue under any such contract shall, to the extent to which they would have been rights or liabilities of the existing State of Bihar, be rights or liabilities of the State of Vananchal or the State of Bihar, as the case may be:

Provided that in any such case as is referred to in clause (b), the initial allocation of rights and liabilities made by this sub-section shall be subject to such financial adjustment as may be agreed upon between the successor States of Bihar and Vananchal or in default of such agreement, as the Central Government may by order direct.

(2) For the purposes of this section, there shall be deemed to be included in the liabilities which have accrued or may accrue under any contract—

(a) any liability to satisfy an order or award made by any court or other tribunal in proceedings relating to the contract; and

(b) any liability in respect of expenses incurred in or in connection with any such proceedings.

(3) This section shall have effect subject to the other provisions of this Part relating to the apportionment of liabilities in respect of loans, guarantees and other financial obligations; and bank balances and securities shall, notwithstanding that they partake of the nature of contractual rights, be dealt with under those provisions.

Liability in respect of actionable wrong.

54. Where, immediately before the appointed day, the existing State of Bihar is subject to any liability in respect of any actionable wrong other than breach of contract, that liability shall,—

(a) if the cause of action arose wholly within the territories which, as from that day, are the territories of either of the successor States of Bihar or Vananchal, be a liability of that successor State; and

(b) in any other case, be initially a liability of the State of Bihar, but subject to such financial adjustment as may be agreed upon between the States of Bihar and Vananchal or, in default of such agreement, as the Central Government may by order direct.

Liability as guarantor.

55. Where, immediately before the appointed day, the State of Bihar is liable as guarantor in respect of any liability of a registered co-operative society or other persons, that liability of the existing State of Bihar shall—

(a) if the area of operations of such society or persons is limited to the territories which, as from that day, are the territories of either of the States of Bihar or Vananchal, be a liability of that successor State; and

(b) in any other case, be initially a liability of the State of Bihar, subject to such financial adjustment as may be agreed upon between the States of Bihar and Vananchal or, in default of such agreements, as the Central Government may by order direct.

56. If any item in suspense is ultimately found to affect an asset or liability of the nature referred to in any of the foregoing provisions of this Part, it shall be dealt with in accordance with that provision.

Items in
suspense.

57. The benefit or burden of any asset or liability of the existing State of Bihar not dealt with in the foregoing provisions of this Part shall pass to the State of Bihar in the first instance, subject to such financial adjustment as may be agreed upon between the States of Bihar and Vananchal or, in default of such agreement, as the Central Government may be order direct.

Residuary
provision.

58. Where the successor States of Bihar and Vananchal agree that the benefit or burden of any particular asset or liability should be apportioned between them in a manner other than that provided for in the foregoing provisions of this Part, notwithstanding anything contained therein, the benefit or burden of that asset or liability shall be apportioned in the manner agreed upon.

Apportionment
of assets or
liabilities by
agreement.

59. Where, by virtue of any of the provisions of this Part, any of the successor States of Bihar and Vananchal becomes entitled to any property or obtains any benefits or becomes subject to any liability, and the Central Government is of opinion, on a reference made within a period of three years from the appointed day by either of the States, that it is just and equitable that property or those benefits should be transferred to, or shared with, the other successor State, or that a contribution towards that liability should be made by the other successor State, the said property or benefits shall be allocated in such manner between the two States, or the other State shall make to the State subject to the liability such contribution in respect thereof, as the Central Government may, after consultation with the two State Governments, by order determine.

Power of
Central
Government to
order
allocation or
adjustment in
certain cases.

60. All sums payable either by the State of Bihar or by the State of Vananchal to the other States or by the Central Government to either of those States, by virtue of the provisions of this Act, shall be charged on the Consolidated Fund of the State by which such sums are payable or, as the case may be, the Consolidated Fund of India.

Certain
expenditure to
be charged on
Consolidated
Fund.

PART VII

PROVISIONS AS TO CERTAIN CORPORATIONS

61. (1) The following bodies corporate constituted for the existing State of Bihar, namely:—

Provisions as to
Bihar State
Electricity
Board and
State
Warehousing
Corporation.

54 of 1948.

(a) the State Electricity Board constituted under the Electricity Supply Act, 1948; and

58 of 1962.

(b) the State Warehousing Corporation established under the Warehousing Corporations Act, 1962,

shall, on and from the appointed day, continue to function in those areas in respect of which they were functioning immediately before that day, subject to the provisions of this section and to such directions as may, from time to time, be issued by the Central Government.

(2) Any directions issued by the Central Government under sub-section (1) in respect of the Board or the Corporation shall include a direction that the Act under which the Board or the Corporation was constituted shall, in its application to that Board or Corporation, have effect subject to such exceptions and modifications as the Central Government thinks fit.

(3) The Board or the Corporation referred to in sub-section (1) shall cease to function as from, and shall be deemed to be dissolved on such date as the Central Government may, by order appoint; and upon such dissolution, its assets, rights and liabilities shall be appointed between the successor States of Bihar and Vananchal in such manner as may be agreed upon between them within one year of the dissolution of the Board or the Corporation, as the case may be, or if no agreement is reached, in such manner as the Central Government may be order determine.

(4) Nothing in the preceding provisions of this section shall be construed as preventing the Government of the State of Bihar or, as the case may be, the Government of the State of Vananchal from constituting, at any time on or after the appointed day, a State Electricity Board or a State Warehousing Corporation for the State under the provisions of the Act relating to such Board or Corporation; and if such a Board or Corporation is so constituted in either of the States before the dissolution of the Board or the Corporation referred to in sub-section (1),—

(a) provision may be made by order of the Central Government enabling the new Board or the new Corporation to take over from the existing Board or Corporation all or any of its undertakings, assets, rights and liabilities in that State, and

(b) upon the dissolution of existing Board or Corporation,—

(i) any assets, rights and liabilities which would otherwise have passed to that State by or under the provisions of sub-section (3) shall pass to the new Board or the new Corporation instead of to that State;

(ii) any employee who would otherwise have been transferred to or re-employed by that State under sub-section (3), read with clause (i) of sub-section (5), shall be transferred to or re-employed by the new Board or the new Corporation instead of to or by that State.

(5) An agreement entered into between the successor States under sub-section (3) and an order made by the Central Government under that sub-section or under clause (a) of sub-section (4) may provide for the transfer or re-employment of any employee of the Board or the Corporation referred to in sub-section (1),—

(i) to or by the successor States, in the case of an agreement under sub-section (4) or an order made under that sub-section;

(ii) to or by the new Board or the new Corporation constituted under sub-section (4), in the case of an order made under clause (a) of that sub-section,

and, subject to the provisions of section 69, also for the terms and conditions of service applicable to such employees after such transfer or re-employment.

Continuance of arrangements in regard to generation and supply of electric power and supply of water.

62. If it appears to the Central Government that the arrangement in regard to the generation or supply of electric power or the supply of water for any area or in regard to the execution of any project for such generation or supply has been or is likely to be modified to the disadvantage of that area by reason of the fact that it is, by virtue of the provisions of Part II of this Act, outside the State in which the power stations and other installations for the generation and supply of such power, or the catchment area, reservoirs and other works for the supply of water, as the case may be, are located, the Central Government may give such directions as it deems proper to the State Government or other authority concerned for the maintenance, so far as practicable, of the previous arrangement.

Provisions as to Bihar State Financial Corporation.

63. (1) The Bihar State Financial Corporation established under the State Financial Corporations Act, 1951 shall, on and from the appointed day, continue to function in those areas in respect of which it was functioning immediately before that day, subject to the provisions of this section and to such directions as may, from time to time, be issued by the Central Government.

63 of 1951.

(2) Any directions issued by the Central Government under sub-section (1) in respect of the Corporation may include a direction that the said Act, in its application to the Corporation, shall have effect subject to such exceptions and modifications as may be specified in the direction.

(3) Notwithstanding anything contained in sub-section (1) or sub-section (2), the Board of Directors of the Corporation may, with the previous approval of the Central Government and shall, if so required by the Central Government, convene at any time after the appointed day a meeting for the consideration of a scheme for the reconstitution or

reorganisation or dissolution, as the case may be, of the Corporation, including proposals regarding the formation of new Corporations, and the transfer thereto of the assets, rights and liabilities of the existing Corporation, and if such a scheme is approved at the general meeting by a resolution passed by a majority of the shareholders present and voting, the scheme shall be submitted to the Central Government for its sanction.

(4) If the scheme is sanctioned by the Central Government either without modifications or with modifications which are approved at a general meeting, the Central Government shall certify the scheme, and upon such certification, the scheme shall, notwithstanding anything to the contrary contained in any law for the time being in force, be binding on the corporations affected by the scheme as well as the shareholders and creditors thereof.

(5) If the scheme is not so approved or sanctioned, the Central Government may refer the scheme to such Judge of the High Court of Bihar and Vananchal as may be nominated in this behalf by the Chief Justice thereof, and the decision of the Judge in regard to the scheme shall be final and shall be binding on the corporations affected by the scheme as well as the shareholders and creditors thereof.

(6) Nothing in the preceding provisions of this section shall be construed as preventing the Government of the States of Bihar and Vananchal from constituting, at any time on or after the appointed day, a State Financial Corporation for that State under the State Financial Corporations Act, 1951.

63 of 1951.

64. (1) Notwithstanding anything contained in the foregoing provisions of this Part, each of the companies specified in the Seventh Schedule to this Act shall, on and from the appointed day and until otherwise provided for in any law, or in any agreement among the successor State, or in any direction issued by the Central Government, continue to function in the areas in which it was functioning immediately before that day; and the Central Government may from time to time issue such directions in relation to such functioning as it may deem fit, notwithstanding anything to the contrary contained in the Companies Act, 1956, or in any other law.

Provisions as to certain corporations.

1 of 1956.

(2) Any directions issued under sub-section (1) in respect of a company referred to in that sub-section, may include directions—

(a) regarding the division of the interest and shares in the company between the State of Bihar and Vananchal;

(b) requiring the reconstitution of the Board of Directors of the Company so as to give adequate representation to both the successor States.

65. (1) Save as otherwise expressly provided by the foregoing provisions of this Part, where any body corporate constituted under a Central Act, State Act or Provincial Act for the existing State of Bihar or any part thereof has, by virtue of the provisions of Part II of this Act, become an inter-State body corporate, then, the body corporate shall, on and from the appointed day, continue to function and operate in those areas in respect of which it was functioning and operating immediately before that day, subject to such directions as may from time to time be issued by the Central Government, until other provision is made by law in respect of the said body corporate.

General provision as to statutory corporations.

(2) Any directions issued by the Central Government under sub-section (1) in respect of any such body corporate shall include a direction that any law by which the said body corporate is governed shall, in its application to that body corporate, have effect subject to such exceptions and modifications as may be specified in the direction.

59 of 1988.

66. (1) Notwithstanding anything contained in section 88 of the Motor Vehicles Act, 1988, a permit granted by the State Transport Authority of the existing State of Bihar or any Regional Transport Authority in that State shall, if such permit was, immediately before the appointed day, valid and effective in any area in the transferred territory, be deemed to continue to be valid and effective in that area after that day subject to the

Temporary provisions as to continuance of certain existing road transport permits.

provisions of that Act as for the time being in force in that area; and it shall not be necessary for any such permit to be countersigned by the State Transport Authority of Vananchal or any Regional Transport Authority therein for the purpose of validating it for use in such area:

Provided that the Central Government may, after consultation with the successor State Government or Governments concerned add to, amend or vary that conditions attached to the permit by the Authority by which the permit was granted.

(2) No tolls, entrance fees or other charges of a like nature shall be levied after the appointed day in respect of any transport vehicle for its operations in any of the successor States under any such permit, if such vehicle was, immediately before that day, exempt from the payment of any such toll, entrance fees or other charges for its operations in the transferred territory:

Provided that the Central Government may, after consultation with the State Government or Governments concerned, authorise the levy of any such toll, entrance fees or other charges, as the case may be.

Special provisions relating to retrenchment compensation in certain cases.

67. Where on account of the reorganisation of the State of Bihar under this Act, any body corporate constituted under a Central Act, State Act or Provincial Act, any co-operative society registered under any law relating to co-operative societies or any commercial or industrial undertaking of that State is reconstituted or reorganised in any manner whatsoever or is amalgamated with any other body corporate, co-operative society or undertaking, or is dissolved, and in consequence of such reconstitution, reorganisation, amalgamation or dissolution, any workman employed by such body corporate or in any such co-operative society or undertaking, is transferred to, or re-employed by any other body corporate, or in any other co-operative society or undertaking, then notwithstanding anything contained in section 25F, 25FF or 25FFF of the Industrial Disputes Act, 1947, such transfer or re-employment shall not entitle him to any compensation under that section:

14 of 1947.

Provided that—

(a) the terms and conditions of service applicable to the workman after such transfer or re-employment are not less favourable to the workman than those applicable to him immediately before the transfer or re-employment;

(b) the employer in relation to the body corporate, the co-operative society or the undertaking where the workman transferred or re-employed is, by agreement or otherwise, legally liable to pay to the workman, in the event of his retrenchment, compensation under section 25F, 25FF or 25FFF of the Industrial Disputes Acts, 1947 on the basis that his service has been continuous and has not been interrupted by the transfer or re-employment.

14 of 1947.

Special provisions as to income-tax.

68. Where the assets, rights and liabilities of any body corporate carrying on business are, under the provisions of this Part, transferred to any other bodies corporate which after the transfer carry on the same business, the losses or profits or gains sustained by the body corporate first mentioned which, but for such transfer, would have been allowed to be carried forward and set off in accordance with the provisions of Chapter VI of the Indian Income-tax Act, 1961, shall be apportioned amongst the transferee bodies corporate in accordance with the rules to be made by the Central Government in this behalf and, upon such apportionment, the share of loss allotted to each transferee body corporate shall be dealt with in accordance with the provisions of Chapter VI of the said Act, as if the transferee body corporate had itself sustained such loss in a business carried on by it in the years in which these losses were sustained.

43 of 1961.

Continuance of facilities in certain State institutions.

69. (1) The Government of State of Bihar or Vananchal, as the case may be, shall, in respect of the institutions specified in the Eighth Schedule to this Act, located in that State, continue to provide facilities to the people of the other State which shall not, in any respect, be less favourable to such people than what were being provided to them before

the appointed day, for such period and upon such terms and conditions as may be agreed upon between the two State Governments before the first day of december, 1999 or if no agreement is reached by the said date as may be fixed by order of the Central Government.

(2) The Central Government may, at any time before the first day of December, 1999, by notification in the Official Gazette, specify in the Schedule any other institution existing on the appointed day in the States of Bihar and Vananchal and on the issue of such notification, the Schedule shall be deemed to be amended by the inclusion of the said institution therein.

PART VIII

PROVISIONS AS TO SERVICES

70. (1) In this section, the expression "State Cadre"—

(a) in relation to the Indian Administrative Service, has the meaning assigned to it in the Indian Administrative Service (Cadre) Rules, 1954;

(b) in relation to the Indian Police Service, has the meaning assigned to it in the Indian Police Service (Cadre) Rules, 1954; and

(c) in relation to the Indian Forest Service, has the meaning assigned to it in the Indian Forest Service (Cadre) Rules, 1966.

(2) In place of the cadres of the Indian Administrative Service, Indian Police Service and Indian Forest Service for the existing State of Bihar, there shall, on and from the appointed day, be two separate cadres, one for the State of Bihar and the other for the State of Vananchal in respect of each of these services.

(3) The initial strength and composition of the State cadres referred to in sub-section (2) shall be such as the Central Government may, by order, determine before the appointed day.

(4) The members of each of the said service borne on the Bihar cadre thereof immediately before the appointed day shall be allocated to the State cadres of the same service constituted under sub-section (2) in such manner and with effect from such date or dates as the Central Government may, by order, specify.

61 of 1951.

(5) Nothing in this section shall be deemed to affect the operation, on or after the appointed day, of the All-India Service Act, 1951, or the rules made thereunder.

71. (1) Every person who immediately before the appointed day is serving in connection with the affairs of the existing State of Bihar shall, on and from that day provisionally continue to serve in connection with the affairs of the State of Bihar unless he is required, by general or special order of the Central Government to serve provisionally in connection with the affairs of the State of Vananchal:

Provisions relating to All-India Services.

Provisions relating to services in Bihar and Vananchal.

Provided that no direction shall be issued under this section after the expiry of a period of one year from the appointed day.

(2) As soon as may be after the appointed day, the Central Government shall, by general or special order, determine the successor State to which every person referred to in sub-section (1) shall be finally allotted for service and the date with effect from which such allotment shall take effect or be deemed to have taken effect.

(3) Every person who is finally allotted under the provisions of sub-section (2) to a successor State shall, if he is not already serving there in be made available for serving in the successor State from such date as may be agreed upon between the Governments concerned or in default of such agreement, as may be determined by the Central Government.

Other provisions relating to services.

72. (1) Nothing in this section or section 71 shall be deemed to affect on or after the appointed day the operation of the provisions of Chapter I of Part XIV of the Constitution in relation to determination of the conditions of service of persons serving in connection with the affairs of the Union or any State;

Provided that the conditions of service applicable immediately before the appointed day in the case of any person deemed to have been allocated to the State of Bihar or to the State of Vananchal under section 71 shall not be varied to his disadvantage except with the previous approval of the Central Government.

(2) All services prior to the appointed day rendered by a person—

(a) if he is deemed to have been allocated to any State under section 71, shall be deemed to have been rendered in connection with the affairs of that State;

(b) if he is deemed to have been allocated to the Union in connection with the administration of the Vananchal shall be deemed to have been rendered in connection with the affairs of the Union,

for the purposes of the rules regulating his conditions of service.

(3) The provisions of section 71, shall not apply in relation to members of any All-India Service.

Provisions as to continuance of officers in same post.

73. (1) Every person who, immediately, before the appointed day is holding or discharging the duties of any post or office in connection with the affairs of the existing State of Bihar in any area which on that day falls within any of the successor States shall continue to hold the same post or office in that successor State, and shall be deemed, on and from that day, to have been duly appointed to the post or office by the Government of, or any other appropriate authority in, that successor State:

Provided that nothing in this section shall be deemed to prevent a competent authority, on and from the appointed day, from passing in relation to such person any order affecting the continuance in such post or office.

Advisory Committees.

74. The Central Government may by order establish one or more Advisory Committees for the purpose of assisting it in regard to—

(a) the discharge of any of its functions under this Part; and

(b) the ensuring of fair and equitable treatment to all persons affected by the provisions of this Part and the proper consideration of any representations made by such persons.

Power of Central Government to give directions.

75. The Central Government may give such directions to the State Government of Bihar and the State Government of Vananchal as may appear to it to be necessary for the purpose of giving effect to the foregoing provisions of this Part and the State Government shall comply with such directions.

Provisions as to State Public Service Commission.

76. (1) The Public Service Commission for the existing State of Bihar shall, on and from the appointed day, be the Public Service Commission for the State of Bihar.

(2) The persons holding office immediately before the appointed day as Chairman or other member of the Public Service Commission for the existing State of Bihar shall, as from the appointed day, be the Chairman or, as the case may be, the other member of the Public Service Commission for the State of Bihar.

(3) Every person who becomes Chairman or other member of the Public Service Commission for the State of Bihar on the appointed day under sub-section (2), shall—

(a) be entitled to receive from the Government of the State of Bihar conditions of service not less favourable than those to which he was entitled under the provisions applicable to him;

(b) subject to the proviso to clause (2) of article 316, hold office or continue to hold office until the expiration of his term of office as determined under the provisions applicable to him immediately before the appointed day.

(4) The report of the Bihar Public Service Commission as to the work done by the Commission in respect of any period prior to the appointed day shall be presented under clause (2) of article 323 to the Governors of the States of Bihar and Vananchal, and the Governor of the State of Bihar shall, on receipt of such report, cause a copy thereof together with a memorandum explaining as far as possible, as respects the cases, if any, where the advice of the Commission was not accepted, the reasons for such non-acceptance to be laid before the Legislature of the State of Bihar and it shall not be necessary to cause such report or any such memorandum to be laid before the Legislative Assembly of the State of Vananchal.

CHAPTER IX

MANAGEMENT AND DEVELOPMENT OF WATER RESOURCES

77. (1) Notwithstanding anything contained in this Act but subject to the provisions of section 78, all rights and liabilities of the existing State of Bihar in relation to a water resource projects in relation to,—

Water Re-
sources Devel-
opment and its
Management.

(i) Ganga and its tributaries; and

(ii) Sone and its tributaries,

shall, on the appointed day be the rights and liabilities of the successor States in such proportion as may be fixed and subject to such adjustments as may be made, by agreement entered into by the said States after consultation with the Central Government, or, if no such agreement is entered into within two years of the appointed day, then the Central Government may by order determine within one year having regard to the purposes of the project:

Provided that the order so made by the Central Government may be varied by any subsequent agreement entered into by the successor States after consultation with the Central Government.

(2) An agreement or order referred to in sub-section (1) shall, where an extension or further development of any of the projects referred to in that sub-section after the appointed day is undertaken, be the rights and liabilities of the successor States in relation to such extension or further development.

(3) The rights and liabilities referred to in sub-sections (1) and (2) shall include,—

(a) the right to receive and utilise the water available for distribution as a result of the projects; and

(b) the right to receive and utilise the power generated as a result of the projects,

but shall not include the rights and liabilities under any contract entered into before the appointed day by the Government of the existing State of Bihar with any person or authority other than Government.

78. (1) The Central Government shall constitute a Board to be called the Ganga and Sone Management Board (hereinafter referred to as the Board) for administration, construction, maintenance and operations of projects referred to in sub-section (1) of section 77 for any or for a combination of following purposes, namely:—

Constitution
and Functions
of the Manage-
ment Board.

(i) Irrigation;

(ii) Rural and Urban Water Supply;

(iii) Hydro Power generation;

(iv) Navigation; and

(v) for any other purpose which the Central Government may, by notification in the Official Gazette, specify.

(2) The Board shall consist of—

(a) a whole time Chairman and two whole time members to be appointed by the Central Government;

(b) a representative each of the Government of the States of Uttar Pradesh, Bihar, Vananchal and Madhya Pradesh to be nominated by the respective Governments;

(c) two representatives of the Central Government to be nominated by that Government.

(3) The functions of the Board shall include—

(a) the regulation of supply of water from the projects referred to in sub-section (1) of section 77 to States of Uttar Pradesh, Bihar, Vananchal and Madhya Pradesh having regard to—

(i) any agreement entered into or arrangement made covering the Governments of existing State of Bihar and the States of Uttar Pradesh, Bihar, Vananchal and Madhya Pradesh, and

(ii) the agreement or the order referred to in sub-section (2) of section 77;

(b) the regulation of supply of power generated at the projects referred to in sub-section (1) of section 77, to any Electricity Board or other authority in-charge of the distribution of power having regard to—

(i) any agreement entered into or arrangement made covering the Governments of existing State of Bihar and the States of Uttar Pradesh, Bihar, Vananchal and Madhya Pradesh, and

(ii) the agreement or the order referred to in sub-section (2) of section 77;

(c) construction of such of the remaining or new works connected with the development of the water resource project relating to the rivers or their tributaries as the Central Government may specify by notification in the Official Gazette.

(d) such other functions as the Central Government may after consultation with the Government of the States of Uttar Pradesh, Bihar, Vananchal and Madhya Pradesh entrust to it.

Staff of the
Management
Board.

79. (i) The Board may employ such staff, as it may consider necessary for the efficient discharge of its functions under this Act:

Provided that every person who immediately before the constitution of the said Board was engaged in the construction, maintenance or operation of the works relating to the projects referred to in sub-section (1) of section 77 shall continue to be so employed under the Board in connection with the said works on the same terms and conditions of the service as were applicable to him before such constitution until the Central Government by order, directs otherwise:

Provided further that the said Board may at any time in consultation with the State Governments or the Electricity Board concerned and with prior approval of the Central Government retain any such person for service under the State Government or Board.

(2) The Government of the States of Uttar Pradesh, Bihar, Vananchal and Madhya Pradesh shall at all times provide the necessary funds to the Board to meet all expenses (including the salaries and allowances of the staff) required for the discharge of its functions and such amounts shall be apportioned among the States concerned in such proportion as the Central Government may having regard to the benefits to each of the said States specify.

(3) The Board shall be under the control of the Central Government and shall comply with such directions, as may from time to time, be given to it by that Government.

(4) The Board may, with the approval of the Central Government delegate such of its powers, functions and duties as it may deem fit to the Chairman of the said Board or to any officer subordinate to the Board.

(5) The Central Government may, for the purpose of enabling the Board to function efficiently, issue such directions to the State Governments concerned, or any other authority, and the State Governments, or the other authority shall comply with such directions.

80. (1) The Board shall, ordinarily exercise jurisdiction in regard to any of the projects referred to in sub-section (1) of section 77 over headwork (barrages, dams, reservoir, regulating construction), part of canal network and transmission lines necessary to deliver water or power to the States concerned.

Jurisdiction of the Board.

(2) If any question arises as to whether the Board has jurisdiction under sub-section (1) over any project referred thereto, the same shall be referred to the Central Government for decision thereon.

81. The Board may, with the prior approval of the Central Government by notification in the Official Gazette, make regulations consistent with this Act and orders made thereunder, to provide for—

Power to make regulations.

(a) regulating the time and place of meetings of the Board and the procedure to be followed for the transaction of business at such meetings;

(b) delegation of powers and duties to the Chairman or any officer of the Board;

(c) the appointment and regulation of the conditions of service of the officers and other staff of the Board; and

(d) any other matter for which regulations are considered necessary by the Board.

PART X

LEGAL AND MISCELLANEOUS PROVISIONS

82. On and from the appointed day, in section 15 of the States Reorganisation Act, 1956 in clause (c), for the words "Bihar", the words "Bihar and Vananchal" shall be substituted.

Amendment of Act 37 of 1956.

83. The provisions of Part II of this Act shall not be deemed to have effected any change in the territories to which any law in force immediately before the appointed day extends or applies, and territorial references in any such law to the State of Bihar shall, until otherwise provided by a competent Legislature or other competent authority be construed as meaning the territories within the existing State of Bihar before the appointed day.

Territorial extent of laws.

84. For the purpose of facilitating the application in relation to the State of Bihar or Vananchal of any law made before the appointed day, the appropriate Government may, before the expiration of two years from that day, by order, make such adaptations and modifications of the law, whether by way of repeal or amendment, as may be necessary or expedient, and thereupon every such law shall have effect subject to the adaptations and modifications so made until altered, repealed or amended by a competent Legislature or other competent authority.

Power to adapt laws.

Explanation.—In this section, the expression "appropriate Government" means as respects any law relating to a matter enumerated in the Union List, the Central Government, and as respects any other law in its application to a State, the State Government.

85. Notwithstanding that no provision or insufficient provision has been made under section 84 for the adaptation of a law made before the appointed day, any court, tribunal or authority, required or empowered to enforce such law may, for the purpose of facilitating its application in relation to the State of Bihar or Vananchal, construe the law in such manner, without affecting the substance, as may be necessary or proper in regard to the matter before the court, tribunal or authority.

Power to construe laws.

86. The Government of the State of Vananchal, as respects the transferred territory may, by notification in the Official Gazette, specify the authority, officer or person who, on or after the appointed day, shall be competent to exercise such functions exercisable under any law in force on that day as may be mentioned in that notification and such law shall have effect accordingly.

Power to name authorities, etc., for exercising statutory functions.

Legal
proceedings.

87. Where immediately before the appointed day, the existing State of Bihar is a party to any legal proceedings with respect to any property, rights or liabilities subject to apportionment between the States of Bihar and Vananchal under this Act, the State of Bihar or Vananchal which succeeds to, or acquires a share in, that property or those rights or liabilities by virtue of any provision of this Act shall be deemed to be substituted for the existing State of Bihar or added as a party to those proceedings, and the proceedings may continue accordingly.

Transfer of
pending
proceedings.

88. (1) Every proceedings pending immediately before the appointed day before a court (other than High Court), tribunal, authority or officer in any area which on that day falls within the State of Bihar shall, if it is a proceeding relating exclusively to the territory, which as from that day is the territory of Vananchal State, stand transferred to the corresponding court, tribunal, authority or officer of that State.

(2) If any question arises as to whether any proceeding should stand transferred under sub-section (1), it shall be referred to the common High Court of Bihar and Vananchal and the decision of the High Court shall be final.

(3) In this section—

(a) "proceeding" includes any suit, case or appeal; and

(b) "corresponding court, tribunal, authority or officer" in the State of Vananchal means—

(i) the court, tribunal, authority or officer in which, or before whom, the proceeding would have laid if it had been instituted after the appointed day; or

(ii) in case of doubt, such court, tribunal, authority, or officer in that State, as may be determined after the appointed day by the Government of that State or the Central Government, as the case may be, or before the appointed day by the Government of the existing State of Bihar to be the corresponding court, tribunal, authority or officer.

Right of
pleaders to
practise in
certain cases.

89. Any person who, immediately before the appointed day, is enrolled as a pleader entitled to practise in any subordinate courts in the existing State of Bihar shall, for a period of one year from that day, continue to be entitled to practise in those courts, notwithstanding that the whole or any part of the territories within the jurisdiction of those courts has been transferred to the State of Vananchal.

Effect of provi-
sions of the Act
inconsistent with
other laws.

90. The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law.

Power to re-
move difficul-
ties.

91. (1) If any difficulty arises in giving effect to the provisions of this Act, the President may, by order, do anything not inconsistent with such provisions which appears to him to be necessary or expedient for the purpose of removing the difficulty:

Provided that no such order shall be made after the expiry of a period of three years from the appointed day.

(2) Every order made under this section shall be laid before each House of Parliament.

THE FIRST SCHEDULE

(See section 8)

(i) Of the Eight sitting members, whose term of office will expire on the 2nd April, 2000 namely, Shri Jagannath Mishra, Shri Naresh Yadav, Shri Sitaram Kesri, Shri Nagamani, Shri Janardan Yadav, Shri Jalaluddin Ansari, Shri Aas Mohammad, Smt. Kamla Sinha, such two as the Chairman of the Council of the States may determine by drawing lot shall be deemed to have been elected to fill two of the seats allotted to the State of

Vananchal and the other six sitting members shall be deemed to have been elected to fill six of the seats allocated to the State of Bihar.

(ii) Of the seven sitting members whose term of office will expire on 9th April, 2002, namely, Shri Obaidullah Khan, Shri Jagdambi Mandal, Shri Nagendra Nath Ojha, Shri Prem Chand Gupta, Shri Ranjan Prasad Yadav, Shri Shatrughan Prasad Sinha and Shri Ram Deo Bhandary — Shri Obaidullah Khan and such other as the Chairman of the Council of States may determine by drawing lot, shall be deemed to have been elected to fill two of the seats allotted to the State of Vananchal and the other five sitting members shall be deemed to have been elected to fill five of the seats allotted to the State of Bihar.

(iii) Of the seven sitting members whose term of office will expire on 7th July, 2004, namely, Shri Shibu Soren, Shri Gaya Singh, Shri Parmeshwar Kumar Agrawala, Shri Anil Kumar, Dr. R.K. Yadav Ravi, Shri Kapil Sibal, Smt. Saroj Dubey — Shri Shibu Soren and Shri Parmeshwar Kumar Agrawala shall be deemed to have been elected to fill two of the seats allotted to the State of Vananchal and the other five sitting members shall be deemed to have been elected to fill five of the seats allotted to the State of Bihar.

THE SECOND SCHEDULE

(See section 10)

In the Delimitation of Parliamentary and Assembly Constituencies Order, 1976,—

(i) in Schedule I—

(a) against serial number 3, in column 5, for the entries, the following shall be substituted, namely:—

“40”;

(b) after serial number 21, the following serial number and entries shall be inserted, namely:—

“21A. Vananchal.....14.....”;

(ii) in Schedule II,—

(a) against serial number 3, for the entries, the following entries shall be substituted, namely:—

“Bihar.....243.....”;

(b) after serial number 21, the following serial number and entries shall be inserted, namely:—

“21A. Vananchal.....81.....”;

THE THIRD SCHEDULE

(See section 19)

List of members of the Legislative Council of Bihar who shall cease to be such members on the appointed day:

1. Shri Sheo Nandan Prasad Singh
2. Shri Awadesh Narain Singh
3. Shri Diwakar Prasad Singh
4. Shri Shanker Dayal Singh

THE FOURTH SCHEDULE

(See section 23)

AMENDMENT OF THE CONSTITUTION (SCHEDULED CASTES) ORDER, 1950

In the Constitution (Scheduled Castes) Order, 1950, in the Schedule, after Part XVIII—Uttar Pradesh, the following shall be inserted, namely:—

“PART XVIII — Vananchal

1. Bantar
2. Baurri
3. Bhogta
4. Bhuiya
5. Chamar, Mochi
6. Choupal
7. Dabajar
8. Dhobi
9. Dom, Dhangad
10. Dusadh, Dhari, Dharhi
11. Ghasi
12. Halalkhor
13. Hair, Mehtar, Bhangi
14. Kanjar
15. Kuraiar
16. Lalbegi
17. Musahar
18. Nat
19. Pan, Sawasi
20. Pasi
21. Rajwar
22. Turi”.

THE FIFTH SCHEDULE

(See section 24)

AMENDMENT TO THE CONSTITUTION (SCHEDULED TRIBES) ORDER, 1950

In the Constitution (Scheduled Tribes) Order, 1950,—

(1) in paragraph 2, for the figures “XIX”, the figures “XX” shall be substituted;

(2) in the Schedule, after Part XIX, the following Part shall be inserted, namely:—

“Part XX — Vananchal

1. Asur
2. Baiga
3. Banjara
4. Bathudi
5. Bedia
6. Birjhia

7. Birhore
8. Birjia
9. Chero
10. Chick Baraik
11. Gond
12. Gprait
13. Ho
14. Karamali
15. Kharia
16. Kharwar
17. Khond
18. Kisan
19. Kora
20. Korwa
21. Lohra
22. Mahli
23. Mal Pahariya
24. Munda
25. Oraon
26. Parhaiya
27. Santhal
28. Sauria Paharia
29. Savar
30. Bhumij."

THE SIXTH SCHEDULE

(See section 52)

APPORTIONMENT OF LIABILITY IN RESPECT OF PENSIONS

1. Subject to the adjustment mentioned in paragraph 3, each of the successor States shall in respect of pensions granted before the appointed day by the existing State of Bihar, pay and pensions drawn in its treasuries.

2. Subject to the said adjustments, the liability in respect of pensions of officers serving in connection with the affairs of the existing State of Bihar who retire or proceed on leave preparatory to retirement before the appointed day, but whose claims for pensions are outstanding immediately before that day, shall be the liability of the State of Bihar.

3. There shall be computed, in respect of the period commencing on the appointed day and ending on the 31st day of March, 1999, and in respect of each subsequent financial year, the total payments made in all the successor States in respect of pensions referred to in paragraphs 1 and 2. That total representing the liability of the existing State of Bihar in respect of pensions shall be apportioned between the successor States in the population ratio and any successor State paying more than its due share shall be reimbursed the excess amount by the successor State of State paying less.

4. The liability of the existing State of Bihar in respect of pensions granted before the appointed day and drawn in any area outside the territories of the existing State shall be the liability of the State of Bihar paying subject to adjustments to be made in accordance with paragraph 3 as if such pensions had been drawn in any treasury in the State of Bihar under paragraph 1.

5. (i) The liability in respect of the pensions of any officer serving immediately before the appointed day in connection with the affairs of the existing State of Bihar and retiring on or after that day, shall be that of the successor State granting him the pension, but the portion of the pension attributable to the service of any such officer before the appointed day in connection with the affairs of the existing State of Bihar shall be allocated between the successor States in the population ratio and the Government granting the pension shall be entitled to receive from each of the other successor States its share of this liability.

(ii) If any such officer was serving after the appointed day in connection with the affairs of more than one successor State other than the one granting the pension shall reimburse to the Government by which the pension is granted an amount which bears to the portion of the pension attributable to his service after the appointed day the same ratio as the period of his qualifying service after the appointed day under the reimburse State bears to the total qualifying service of such officer after the appointed day reckoned for the purpose of pension.

6. Any reference in this Schedule to a pension shall be construed as including a reference to the commuted value of the pension.

THE SEVENTH SCHEDULE

[See section 64 (1)]

LIST OF STATE OWNED CORPORATIONS/COMPANIES

1. Bihar State Industrial Development Corporation.
2. Bihar State Leather Development Corporation.
3. Bihar State Electronics Development Corporation.
4. Bihar State Sugar Corporation Limited.
5. Bihar State Medicine and Chemical Development Corporation.
6. Bihar State Fruit and Vegetables Development Corporation.
7. Bihar State Dairy Corporation Limited.
8. Bihar State Agro Industries Corporation.
9. Bihar State Textiles Corporation Limited.
10. Bihar State Small Industries Corporation Limited.
11. Bihar State Handloom and Handicrafts Corporation.
12. Bihar State Khadi Gramudyog Board.
13. Bihar State Agriculture Marketing Board.
14. Bihar State Forest Development Corporation Limited.
15. Bihar State Export Development Corporation Limited.
16. Bihar State Seeds Corporation Limited.
17. Bihar State Fish Seeds Development Corporation Limited.
18. Bihar State Warehousing Corporation.
19. Bihar State Tourism Development Corporation Limited.
20. Bihar State Road Transport Corporation.
21. Bihar State Food and Civil Supplies Corporation.
22. Bihar State Text Book Publishing Corporation Limited.
23. Bihar State Construction Corporation Limited.
24. Bihar State Mineral Development Corporation Limited.
25. Bihar State Housing Board.
26. Bihar State Bridge Construction Corporation Limited.
27. Bihar State Police Building Construction Corporation Limited.

28. Bihar State Electricity Board.
29. Bihar State Hydroelectric Power Corporation Limited.
30. Bihar State Hill Area and Irrigation Development Limited.
31. Patna Industrial Area Development Authority.
32. Bokaro Industrial Area Development Authority.
33. Ranchi Industrial Area Development Authority.
34. Adityapur Industrial Area Development Authority.
35. North Bihar Industrial Area Development Authority.
36. Darbhanga Industrial Area Development Authority.
37. Patna Area Development Authority.
38. Ranchi Area Development Authority.
39. Muzaffarpur Area Development Authority.
40. Darbhanga Area Development Authority.
41. Gaya Area Development Authority.
42. Bihar State Pollution Control Board.
43. Bihar State Water and Sewage Disposal Board.
44. Bihar State Financial Corporation.
45. Bihar State Credit and Investment Corporation Limited.
46. Bihar State Panchayati Raj Finance Development Corporation Limited.
47. Bihar State Minorities Finance Corporation Limited.
48. Bihar State Film Development and Finance Corporation Limited.
49. Electricity Corporation Limited.

THE EIGHTH SCHEDULE

(See section 69)

CONTINUANCE OF FACILITIES IN CERTAIN STATE INSTITUTIONS

List of Training Institution/Centres

1. Sri Krishna Institute of Public Administration.
2. Police Training College.
3. Bihar Institute of Rural Development.
4. Village Handicrafts Training Centres.
5. Tribal Village Handicraft Training Centres.
6. Training cum Production Centres for Toys, Ceramic goods Embroidery and applique, Hommade Goods and Cutting and Tailoring.
7. Ideal Woodwork Workshops/Iron Workshops.
8. Indo Danish Tool Room and Training Centre, Jamshedpur.
9. All Government Industrial Institutes.
 - Affiliated with N.C.V.T.
 - Un-Affiliated.
10. All Private Industrial Institutes:
 - Affiliated with N.C.V.T.
 - Un-Affiliated.

STATEMENT OF OBJECTS AND REASONS

In his address delivered to Parliament on 25th March, 1998, the President announced that the Government was committed to initiate action to carve out the State of Vananchal out of the existing State of Bihar. The Bill seeks to give effect to that commitment and aims at reconstituting the existing State of Bihar into two separate States.

2. The Bill provides for the territories of the two States and makes the necessary supplemental and incidental provisions relating to representation in Parliament and in the State Legislatures of distributions of revenues, apportionment of assets and liabilities, management and development of water resources and other matters.

3. While taking the decision to carve out a separate State of Vananchal out of the existing State of Bihar, the Government has also decided that a dedicated Unit shall be set up in the Planning Commission under the direct charge of the Deputy Chairman, Planning Commission, to deal exclusively with matters relating to the rest of Bihar consequent upon formation of the State of Vananchal. This Unit will, *inter alia*, ensure that, with the help of better financial management and adequate devolution of funds from the Centre, multifaceted development of the region takes place, especially with respect to core infrastructure.

4. The proposed reorganisation of the existing State of Bihar will meet the democratic aspirations of the people of the State of Vananchal.

L. K. ADVANI.

New Delhi;

The 17th December, 1998.

Notes on Clauses

Clause 2 -Sub-clause (h) - According to 1991 census, the population of the existing State of Bihar is 863.74 lakhs, the population of residuary State of Bihar is about 645.30 lakhs and that of Vananchal is 218.44 lakhs. The population ratio between the States has been ascertained on that basis.

Clause 3 provides for the formation of the new State of Vananchal by transfer thereto from the existing State of Bihar of 18 districts.

Clause 5 seek to make certain consequential amendments in the First Schedule to the constitution.

Clause 6 expressly saves the power of the State Government to alter thereafter the name of any district or other territorial division in the State.

Clause 7 and *8* deal with the representation of Bihar and Vananchal in the Council of States (Rajya Sabha). At present there are 22 Members representing the existing State of Bihar in Rajya Sabha. Considering that population of the proposed area of Vananchal is 25.29% of the total population of existing State of Bihar, it is proposed that 6 out of 22 seats may be allocated to Vananchal. There are, at present only three members representing the Vananchal region. These three members, alongwith three more members from the remaining 19 members (to be decided as prescribed in the First Schedule) will be deemed to have been allocated to Vananchal.

Clause 9 and *11* deal with the representation of successor States of Bihar and Vananchal in the House of People. There are at present 54 Members representing the existing State of Bihar in the House of People. The number of seats proposed to be allocated to Vananchal is 14 and the remaining members will continue to represent the State of Bihar. The allocation of seats has been based on the territorial allocation of the constituencies concerned. The consequential amendments have been made in the First Schedule to the representation of Peoples Act.

Clause 10 seek make modifications in the First Schedule to the Delimitation of Parliamentary and Assembly Constituencies Order, 1976 in view of the formation of the new State of Vananchal and the transfer of certain territories from the existing State of Bihar. It may be mentioned here that 12 out of the 14 constituencies totally lie within the proposed territory of Vananchal while in the case of two Parliamentary constituencies, namely Godda and Chatra certain areas would fall in the successor State of Bihar, namely:

28, Godda Parl. Constituency - Chatra, (171) Assembly Segment.

44, Chatra Parl. Constituency - Hamanganj, (251) Assembly Segment

Barachat, (254) Assembly Segment

Fatehpur, (255) Assembly Segment

Clause 12 to 16 At present there are 324 elected members in the Legislative Assembly of Bihar and one member is nominated under article 333 of the Constitution. Out of 324 members, 243 members have been allotted to the residuary State of Bihar and 81 members to the successor State of Vananchal. The nominated member may be deemed to have been nominated member of the Legislative Assembly of Vananchal.

The allocation of seats in this case also has been based on the territorial location of the constituencies concerned. Necessary consequential amendments have been made in the Second Schedule to the Representation of the People Act, 1956.

Clause 12 read with the Fourth Schedule provides for the necessary adjustments in the assembly constituencies in both the States.

Other clauses are consequential and self explanatory.

Clauses 17 to 20 and the Third Schedule - deal with the Legislative Council of Bihar. At present there are 96 members in that Council. It is proposed not to have any Legislative Council in the State of Vananchal and the strength of the Legislative Council of Bihar has been reduced from 96 to 92.

There are four members in the Legislative Council representing graduates' constituency, teachers' constituency and local authorities constituencies located wholly in Vananchal.

It is proposed that members representing such constituencies should cease to be members of that Council. The remaining 92 members would continue as such till expiry of their term in Bihar Legislative Council.

Necessary consequential amendments have been made in the Third Schedule to the representation of the People Act, 1950.

Clauses 21 and 22 are meant to empower the Election Commission to determine the reservation status of Assembly seats and the adjustments in boundaries and description of the Parliamentary constituencies in both successor States.

Clauses 23, 24, the Fourth and Fifth Schedules - In view of the territorial changes brought about by the formation of the new State of Vananchal certain amendments are necessary in the Constitution (Scheduled Castes) Order, 1960, and the Constitution (Scheduled Tribes) Order, 1960. The necessary modifications have been set out in the Fourth and Fifth Schedules.

Clauses 24 to 36 deal with the provision for a common High Court for the States of Bihar and Vananchal, its powers and functions, jurisdiction and the practice and procedure to be followed by it. These clauses also empower the President of India and the Chief Justice of the High Court to establish permanent and Circuit Benches respectively of the High Court. The detailed provisions contained in these clauses follow the main provisions made in the States Reorganisation Act, 1956 and the Punjab Reorganisation Act, 1966.

Clause 37 - In order that the administration of the new State of Vananchal can be carried on until the Legislature of that State has sanctioned expenditure from the Consolidated Fund of that State, and passed the necessary Appropriation Act, provision has been made in this clause for the Governor of Bihar to authorise at any time before the appointed day such expenditure as he thinks necessary for a period of six months from that date; a similar power is conferred on the Governor of Vananchal after the appointed day.

Clause 38 contains the usual provision that; the reports of the Comptroller and Auditor - General of India for any period prior to the appointed day should be submitted to the Governors of Bihar and Vananchal and empowers the President to take such further action as may be appropriate under; the circumstances.

Clause 39 seeks to empower the President to determine the share of the States of Bihar and Vananchal in the total amount payable to the existing State of Bihar on the recommendations of the Finance Commission constituted under article 280 of the Constitution, in such manner as he thinks fit.

Clause 40 to 60 relate to apportionment of assets and liabilities of the State of Bihar among the successor States and are guided by the following principles:-

(i) Going by natural, cardinal principles of succession, all the assets and liabilities should be apportioned in the ratio of population. The particular assets and liabilities to be transferred should be identified on considerations of nexus, proximity and expediency. Consistent with the requirement that the successor States should have full and mutually exclusive executive/legislative control on all subject having a direct territorial nexus with their territories, all the physical assets and liabilities, may not be suitable for allocation of financial assets and liabilities which should preferably be allocated by overall valuation and apportionment on the basis of population ratio. Further, the financial assets in the nature of rights to receive moneys (whether by way of arrears of tax or non-tax revenue or by way of recovery of loans) are to be apportioned on considerations of territorial nexus with the persons from whom the moneys are receivable. Other assets and liabilities may be apportioned primarily on the basis of territorial nexus, failing which on the basis of population.

(ii) The apportionment assets and liabilities would be subject to such financial adjustment as may be necessary to secure just, reasonable and equitable apportionment of assets, and liabilities amongst the successor States.

(iii) All liabilities on account of Public Debt and Public Account of the existing state of Bihar outstanding immediately before the appointed day shall be apportioned in the ratio of population of the successor States unless a different mode of apportionment is adopted under specific provisions of this Act. The individual items of liabilities to be allocated to the successor States and the amount of contribution required to be made by one successor State to another shall be such as may be ordered by the Central Government in consultation with the Comptroller and Auditor General of India. Till such orders are issued, the liabilities on account of Public Debt and Public Account of the existing State of Bihar shall continue to be the liabilities on account of loans raised and re-lent by the predecessor Government to such entities as are notified by the Central Government and whose area of operation is confined to either of the successor States would devolve on the respective States.

(iv) Any dispute regarding the amount of financial assets and liabilities shall be settled through mutual agreement, failing which by order of the Central Government on the advice of the Comptroller and Auditor General of India.

(v) The outstanding Public Debt attributable to loans raised by the issue of Government securities and held by (General) public is sought to be retained in the books of Bihar (successor) and Vananchal is expected to contribute its share of servicing and repayment of the debt. The outstanding Public Debt attributable to loans received from Central Government agencies and re-lent to other bodies in the State is sought to be allocated on the basis of ultimate borrowers.

(vi) Subject to legislation by competent legislature, the successor States would be entitled to receive benefits arising out of the decisions taken by the predecessor State and the successor States would be liable to bear the responsibilities and liabilities arising out of the decisions taken by the predecessor State.

(vii) The liability of paying Retirement Benefits and Provident Fund balances to employees should be allocated on the basis of permanent allocation of the Government servants.

(viii) Contractual liabilities other than those of loans, guarantees, bank balances, securities and other financial obligations are sought to be allocated on the basis of the exclusive purpose of the contract or through agreement.

(ix) The right to recovery of loans and taxes would vest in the State according to the principal place of business/occupation of the loanee or assessee. The liabilities to refund any tax or duty on property including land revenue as also the right to collect arrears of tax or duty on property including land revenue would be allocated on the basis of the location of the taxed property.

(x) Items lying in suspense which are ultimately found to affect assets or liabilities may be dealt with according to the allocation of that asset liability.

(xi) The liability on account of loans raised from any source and re-lent by the existing State of Bihar to such entities as are notified by the Central Government and whose area of operation is confined to either of the successor State shall devolve on the respective States as detailed in sub-section.

(xii) The balances in the Reserve Funds in the Public Account of Bihar created wholly out of appropriations from the Consolidated Fund of Bihar, to the extent the balances have not been invested outside Government account should not be carried forward to similar Reserve Funds in the Public Account of Bihar and Vananchal. The securities held in respect of investments made from Cash Balance Investment Account or from any Fund in the Public account shall be apportioned in the ratio of population of the successor States.

Clause 61 This clause enable the Bihar State Electricity Board and the Bihar State Warehousing Corporation to continue to function in the same areas as at present, even after the formation of the State of Vananchal, i.e., the appointed day. As and when the State of Vananchal and the residuary State of Bihar set up their own Electricity Boards and Warehousing Corporations, the existing board and corporation will be dissolved and their assets and liabilities shall be transferred to the corresponding new boards and corporations in a manner specified in the act.

Clause 62 empowers the Central Government to give direction to the State Government or other Authority concerned to ensure continuance of arrangements of supply of electric power and supply of water.

Clause 63 contemplates that the existing Bihar State Financial Corporation will continue to function in the same areas as at present, even after the appointed day, until a scheme is framed in this behalf for the reconstitution, reorganisation or dissolution of the corporation, including proposals regarding the formation of new corporations and transfer thereto of all the assets, rights and liabilities of the existing corporation. Such a scheme has to be approved at a general meeting of all the shareholders and sanctioned by the Central Government. In case of disagreement, the matter has to be referred to a Judge of the High Court of Bihar and Vananchal whose decision thereon shall be final.

Clause 64 provides for continuance of functioning on and from the appointed day of companies specified in the seventh Schedule, in the areas in which they were functioning before the appointed day and until otherwise provided for in any law, or in any agreement among successor States or in any direction of the Central Government including those for division of interests and shares in the Companies between successor States, or reconstitution of the Board of Directors so as to ensure adequate representation to the successor States.

Therefore, there would be no need to go to the High Court for reconstitution etc. of companies as otherwise required under the Companies act, 1956.

Clause 65 specifies that in case any body corporate becomes as inter-State Corporate body, the same shall continue to function and operate subject to direction as may be issued by the Central Government, until other provision is made by law in respect of the said body corporate.

Clause 66 protects the rights of existing road transport permit holders. any permit holder of undivided Bihar would not be require to again get it countersigned by the State Transport Authority of the successor States for use within the validity period. However, Central Government can give directions in this regard, if necessary.

Clause 67 contemplates that in case terms and conditions of service of an existing workman do not change to his disadvantage in the event of his absorption in any state organisation consequent to reorganisation, he would not be entitled to any compensation under the Industrial Dispute Act, 1947.

Clause 68 Under section 24 of the Income Tax Act, 1924, an assessee who sustains a loss of profits or gains is entitled to have the amount of loss set off against his income under certain circumstances. It is proposed to extend the benefit of this section to a body corporate to which the assets, rights and liabilities of any existing body corporate, including any loss sustained by it, are transferred under the provisions of Part VII.

Clause 69 provides that facilities in certain State Institutions as listed in the Eighth Schedule will continue to be available to both the successor States for such period as may be agreed upon between the two State Government before prescribed date.

Clauses 70 to 76 make provisions relating to Services. *Clause 70* provides for creation of two separate cadres for the state of Bihar and the new state of Vananchal for the Indian Administrative service. Indian Police Service and Indian Forest services, in place of the existing cadre of the Bihar in respect of these three services. It also confers power on the Central Government to determine the strength and composition of the new cadres and allocate individual, officers thereto in consultation with the State Government concerned. *Clauses 71 to 73* provide for allocation officers serving under the Government of Bihar between the States of Bihar and Vananchal.

These clauses general follow the corresponding provisions of the State Reorganisation Act, 1956.

Clause 77 The rights and liabilities of the existing States of Bihar in water resource projects in relation to Ganga and Sone rivers shall become the rights and liabilities of the successor States in such proportions as may be fixed to adjusted by agreement between the successor States after consultation with the Central Government and if no such agreement is entered within two years from the appointed day, then the Central Government may be order, issue necessary directions within one year. This clause has been provided to ensure that inter State dispute in the matter of water resources are avoided and Central Government is empowered with intervention capacity in this regard.

Clause 78 In furtherance to *Clause 77*, the Central Government shall constitute the Ganga and Sone Management Board on the pattern of Bhakra Beas Management Board. This clause gives the functions, constitution, State representation etc, of the Board.

Clauses 79 to 81 indicate the pattern of employment of staff of the Board, sharing of expenses of Uttar Pradesh, Bihar Vananchal and Madhya Pradesh and jurisdiction of the Board. The Board is also authorised to make regulations consistent with the acts and rules with the prior approval of the Central Government.

Clauses 82 to 91 are of miscellaneous and legal nature and they generally follow the corresponding provisions of the States Reorganisation Act, 1956.

FINANCIAL MEMORANDUM

Clause 39 of the Bill, which deals with distribution of revenues, provides that the President shall, by order, determine the share of the States of Bihar and the State of Vananchal in the total amount payable to the existing State of Bihar on the recommendation of a Finance Commission constituted under article 280 of the Constitution of India, in such manner as he thinks fit. Leaving aside some marginal increase in the administrative expenditure of the departments and agencies of the Central Government in connection with the implementation of the proposed legislation, no additional expenditure will be involved from the Consolidated Fund of India

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 39 of the Bill empowers the President to determine, by order, the share of the State of Bihar and the State of Vananchal in the total amount payable to the existing State of Bihar on the recommendation of a Finance Commission constituted under article 280 of the Constitution of India, in such manner as he thinks fit.

2. *Clause 84 of the Bill provides that, for the purpose of facilitating the application in relation to the State of Bihar or the State of Vananchal, of any law made before the appointed day, the appropriate Government may, before the expiration of two years from that day, by order, make such adaptations and modifications of the law, whether by way of repeal or amendment, as may be necessary or expedient, and thereupon every such law shall have effect subject to the adaptations and modifications so made until altered, repealed or amended by a competent Legislature or other competent authority.*

3. *Clause 85 of the Bill deals with the power to construe laws. Clause 86 of the Bill deals with the power to name authorities, etc., for exercising statutory functions.*

4. *Similar provisions exist in other State Reorganisation Acts passed by Parliament earlier. These provisions are mainly of a consequential nature or pertain to matters of detail and procedure. As such, the proposed delegation of legislative power is of a normal character.*

S. GOPALAN,
Secretary-General.

